Postal Regulatory Commission
Submitted 5/6/2022 7:13:26 AM
Filing ID: 121662
Accepted 5/6/2022

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Market-Dominant Price Change : Docket No. R2022-1

COMMENTS OF THE GREETING CARD ASSOCIATION

The Greeting Card Association (GCA) files these Comments pursuant to Order No. 6146. GCA is the postal trade association which speaks for the individual citizen mailer, and hence has a particular concern with the prices for Single-Piece First-Class Letters.

In comments in the previous price adjustment docket (R2021-2), and in the following annual compliance review, GCA raised objections to the 50-percent increase in the non-machinable surcharge for Single-Piece First-Class Letters. The Commission did not accept GCA's arguments, and in this docket the Postal Service proposes another substantial increase in that charge, this time from $0.30 to $0.39. The non-machinable surcharge is still a significant problem for Single-Piece Letter mailers. In these Comments we point to some recent data which suggest that further review of the surcharge is in order.

The Commission agreed, in the FY 2021 *Annual Compliance Determination,* that the increase in the non-machinable surcharge affects principally household and small business mailers.[1] GCA believes this is correct, as far as it goes. We also believe that the Commission's insight may be extended further. The data supporting this hypothesis are limited in terms of time, but they do suggest a question which needs to be pursued further.

[1] At p. 73.

Postal Service Billing Determinants volume data for the first quarter of FY 2022 and the “after rates” (“AR”) segment of FY 2021 Q4, suggest that the non-machinable surcharge increase from $0.20 to $0.30 disproportionately affected Stamped Letters. GCA calculated the percentage of total Stamped Letters represented by the non-machinable rate. It FY 2021 Q4 it was 0.41 percent and in FY 2022 Q1 it was 0.48 percent. By contrast, during the entire period FY 2020 Q1 to FY 2021 Q4 Before Rates (“BR”) it ranged from 0.49 to 0.67 percent. The average for that period was 0.60 percent. The two periods of data we have thus suggest that stamp users are indeed sending fewer non-machinable pieces.

The picture for Metered Letters was quite different. In the two periods represented by the new $0.30 surcharge, non-machinable Metered Letters were 0.41 and 0.48 percent for FY 2021 Q4 AR and FY 2022 Q1, respectively. Between FY 2020 Q1 and FY 2021 Q4 BR, it ranged between 0.32 and 0.47 percent; the average was 0.41 percent. In other words, these data (limited as they are) suggest that the increased surcharge has not discouraged meter users from sending non-machinable letters.

The Commission has stated that the surcharge is supported by the need to discourage non-machinability.[2] If the trend suggested by the two available periods of the $0.30 surcharge continues, it will show that it is stamp users who bear the burden. It is reasonable to suppose that meter users are predominantly businesses. If the data continue to bear out the suggestion offered by the two periods now available, they will show that households are probably the mailers most affected by the surcharge.

GCA intends to continue analyzing these data as more become available. We recognize that in R- dockets the Commission focuses mainly on cap compliance.[3] We bring up this structural issue at this point to flag it for Commission consideration in the

[2] Docket No. R2021-2, Order No. 5937, p. 87.

[3] 39 CFR 3030.126(b), (j).

next compliance determination docket. It raises, inter alia, the question whether the surcharge – in view of what may turn out to be a demonstrable, material disparity between its effect on stamp users and its lack of effect on meter users – should be identical for Stamped and Metered Letters.

May 6, 2022

Respectfully submitted,

GREETING CARD ASSOCIATION

David F. Stover
2970 S. Columbus St., No. B1
Arlington, VA 22206-1450
(703) 998-2568 or (703) 395-1765
E-mail: postamp02@gmail.com